



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
OFFICE OF THE SECRETARY  
MANILA

JUN 25 2002

DEPARTMENT ORDER)  
NO. 167 )  
Series of 2002 6/25/2002 )

SUBJECT : CEILING ON AWARD AMOUNTS FOR  
FOREIGN-ASSISTED PROJECTS AND  
CONSULTANT'S ESTIMATE AS THE  
APPROVED BUDGET FOR THE  
CONTRACT

Records indicate that contracts for foreign-assisted projects are awarded at contractors' bid price at an average of 15% above the Approved Budget for the Contract (ABC). It is seldom that bid prices fall below the ABC but oftentimes the bids exceed the ABC by more than 20%, some close to 30%. These cost overruns have resulted in increased GOP counterpart funding in order to implement all the project commitments under the loan package. In some cases, it has caused the decrease in the scope of work of the other remaining projects in the loan package to compensate for increased cost of the projects already bid out.

Records likewise show that the ABC and the estimates prepared by Consultants are almost the same, varying only by about 1% below the latter's estimate.

In view of the above and in line with the government's policy to provide for efficiency and economy in the procurement process and as discussed during the February and June Staff Meetings, the following are hereby declared policies of this Department regarding foreign-assisted projects (FAPs), to wit:

1. The Consultant's Estimate, after approval by the Secretary, shall be considered the Approved Budget for the Contract (ABC) of the project.
2. To award contracts for foreign-assisted projects only at a level equivalent to not more than fifteen percent (15%) above the ABC. All bid proposals that are more than the above-mentioned level shall be rejected outright.

This Order shall cover all foreign-assisted projects where bids thereof will be submitted on or after July 1, 2002.

For compliance.

  
SIMEON A. DATUMANONG  
Secretary